

Message Text

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TO AMEMBASSY HELSINKI

C O N F I D E N T I A L STATE 135624

E.O. 11652: GDS

TAGS:ETRD, EIND, ENRG, FI

SUBJECT: VISIT OF FINNISH MINISTER FOR COMMERCE AND
INDUSTRY EERO RANTALA, MAY 18-19

REF.: HELSINKI 1304

1. SUMMARY. RANTALA MET VARIETY OF USG OFFICIALS, INCLUDING SECRETARY BLUMENTHAL, AND RAISED ALL THE EXPECTED BILATERAL ISSUES. HE EXPRESSED SATISFACTION WITH HIS VISIT HERE. END SUMMARY.

2. RANTALA MET WITH TREASURY SECRETARY BLUMENTHAL, ASSISTANT SECRETARY KATZ AND DAS BARRACLOUGH (EB), ASSISTANT SECRETARY BERGOLD (DOE), DEPUTY STR WOLFE, AND COMMERCE DAS MORAN AND DAS MARCUS DURING TWO-DAY WASHINGTON VISIT. HE ALSO VISITED HILL FOR MEETING WITH SENATOR LONG AMONG OTHERS. FINNS RAISED ALL ISSUES MENTIONED REFTEL
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PLUS SPECIALTY STEEL QUOTAS AND US RESTRICTIONS ON ZINC. THEY REPEATEDLY STRESSED THAT 25 PERCENT OF THEIR EXPORTS TO US WERE IN SOME WAY BEING AFFECTED BY US RESTRICTIONS, BUT RANTALA LEFT WITH A BETTER UNDERSTANDING, WE BELIEVE, THAT PROBLEMS ARE LARGELY PRIVATE COMMERCIAL MATTERS AND THAT THERE IS NO USG INSPIRED EFFORT TO RESTRICT FINNISH IMPORTS.

3. ON ICEBREAKERS FINNS WERE TOLD BY STATE, COMMERCE, AND TREASURY THAT DECISION WHETHER TO PURCHASE WAS UP TO COAST GUARD BUT THAT ADMINISTRATION WOULD TRY TO ASSURE THAT ALL INTERESTED PARTIES HAVE FAIR OPPORTUNITY TO BID. KATZ ADDED, HOWEVER, THAT IN FINAL ANALYSIS WE CANNOT CONTROL WHAT COMES OUT OF THE CONGRESS. HE SAID HE COULD MAKE NO PROMISES AS TO WHETHER THE PRESIDENT WOULD VETO A BILL THAT INCLUDED BIDDING RESTRICTIONS.

4. RANTALA AND AMBASSADOR ILONIEMI ARGUED THAT FINNAIR COULD PROVIDE CHEAPER SERVICE ON WEST COAST ROUTES THAN NOW BEING OFFERED. THEY WOULD START WITH TWO FLIGHTS PER WEEK COMPARED TO SEVEN NOW OPERATED BY SAS. ASSISTANT SECRETARY KATZ ASSURED FINNS USG WOULD MAKE EARLY DECISION ON LANDING RIGHTS AND THAT LOWER FARES WERE A STRONG ARGUMENT IN FINNS' FAVOR.

5. ON COUNTERVAILING DUTY CASE ON PAPERMAKING MACHINERY, SECRETARY BLUMENTHAL TOLD FINNS US LAW REQUIRES AN INVESTIGATION IF US MANUFACTURER RAISES ISSUE BUT THAT WE WERE IN NO WAY COOPERATING TO KEEP OUT FINNISH EXPORTS. TREASURY OFFICIALS SAID THAT BECAUSE OF HEAVY CASE LOAD, INVESTIGATION WOULD TAKE 4-5 MONTHS. DAS BARRACLOUGH URGED FINNS TO PROVIDE TREASURY ALL POSSIBLE INFORMATION TO HELP EXPEDITE INVESTIGATION. RANTALA SAID FINNS WERE VERY SATISFIED WITH OUTCOME OF TARIFF CLASSIFICATIONS PROBLEM ON PAPERMAKING MACHINERY.

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6. FINNS REITERATED INTEREST IN THEIR OWN QUOTA FOR SPECIALTY STEEL, NOTING THAT BASKET QUOTA WAS TOO SMALL, GIVEN NEW PRODUCTION CAPACITY. BARRACLOUGH SAID WE WOULD BE WILLING TO CONSIDER SEPARATE QUOTA BEFORE JULY BUT THAT IT WOULD BE DIFFICULT TO GET SINCE QUOTA PROGRAM IS SCHEDULED TO END IN JUNE 1979 AND BECAUSE OTHER COUNTRIES WOULD SEEK SIMILAR TREATMENT. SECRETARY BLUMENTHAL TOLD RANTALA HE WOULD LIKE TO SEE ALL QUOTAS REMOVED IN ORDER TO LOWER PRICES, BUT THAT THIS IS A POLITICAL PROBLEM HERE.

7. FINNS TOLD KATZ THEY WERE PLANNING THREE SEMINARS IN US NEXT WINTER ON ENERGY ISSUES, STRESSING THEIR AREAS OF EXPERTISE SUCH AS DISTRICT HEATING AND PEAT. KATZ ASKED FOR ADDITIONAL INFORMATION AND SAID WE WOULD BE INTERESTED IN PARTICIPATING.

8. COMMENT. BOTH RANTALA AND FINNISH EMBOFF EXPRESSED TO US THEIR SATISFACTION WITH PROGRAM HERE. THEY FEEL THEY HAVE NOW MADE CLEAR TO USG THEIR DISSATISFACTION OVER CURRENT

RENT TRADE PROBLEMS, AND THEY MAY BE CONTENT TO EASE OFF
ON SOME OF THESE ISSUES FOR THE TIME BEING. AT VARIOUS

TIMES DURING THE COURSE OF THE VISIT WE SUGGESTED TO
RANTALA, ILONIEMI AND OTHERS THAT TRADE PROBLEMS ARE RE-
SULT OF NORMAL COMMERCIAL TRANSACTIONS AND SHOULD NOT BE
ALLOWED TO ASSUME CENTER STAGE IN OUR BILATERAL RELATIONS.
WE POINTED OUT THAT SO FAR FINNS HAVE SUFFERED LITTLE OR
NO REDCTION IN THEIR EXPORTS TO US AND THAT, AS HOCKEY
STICK CASE SHOWED, THEY COULD EXPECT FAIR TREATMENT HERE.
NATURALLY, NONE OF THE ISSUES RAISED BY RANTALA CAN BE
EXPECTED SIMPLY TO DISAPPEAR NOW, BUT THERE IS PERHAPS SOME
REASON TO BELIEVE FINNS WILL NOW TAKE A MORE REASONED, LESS
AGGRESSIVE APPROACH ON ECONOMIC ISSUES. VANCE
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